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State Controller Westly Recommends Relief for California Schools, Local Agencies

Westly Calls for Using \$1 billion of Amnesty Money to Pay Down Debt

SACRAMENTO – State Controller Steve Westly today called for Governor Arnold Schwarzenegger to use one-time funds created by the State's successful tax amnesty program to pay down debt owed to California local agencies, including schools, law enforcement and counties.

"Our tax amnesty program brought in an unprecedented amount of new money into the general fund, money that could go far in helping California get out of the red," Controller Westly said. "The most fiscally responsible use of these funds should be for debt payoff. The most humane use of these funds should be toward the basic services every Californian needs."

The State currently owes more than \$2 billion in unfunded or "deferred" state mandated programs:

- Local government: \$1,196,195,732
- School Districts: \$718,790,843
- Community Colleges: \$90,474,505
- Total: \$2,005,461,080

The State incurred a total of \$118,977,605 in accrued interest. This interest is money the State can otherwise use to help fund sheriff deputies, firefighters, health clinics, and school programs.

This year's tax amnesty program was the first amnesty outreach in California in 20 years. It raised an estimated \$4.4 billion and the State is expected to keep a conservative estimate of 50% of the money.

Controller Westly suggests using up to \$1 billion of new money to pay down the debt owed to local agencies, the remainder to be placed in reserve.

"For years, the State has raided local governments to balance its budget," said Controller Westly. "Our successful amnesty program gives us the opportunity to fulfill our promises to local agencies, pay down our debt, and truly provide a public service to every Californian. This is good government."

A detailed state mandate deficiency report is available at this Web site using the following link:
[State Mandated Cost Programs – Schedule of Appropriation Transfer and Deficiency Report](#)

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